

Assembly Bill No. 2456

Passed the Assembly August 31, 2000

Chief Clerk of the Assembly

Passed the Senate August 31, 2000

Secretary of the Senate

This bill was received by the Governor this _____ day
of _____, 2000, at _____ o'clock ____M.

Private Secretary of the Governor

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CHAPTER _____

An act to add and repeal Chapter 27.1 (commencing with Section 24230) of Part 13 of Division 1 of Title 1 of the Education Code, relating to state teachers' retirement.

LEGISLATIVE COUNSEL'S DIGEST

AB 2456, R. Wright. State teachers' retirement: retirement option program.

The State Teachers' Retirement Law prescribes service retirement benefits for members of the Defined Benefit Program of the State Teachers' Retirement Plan which benefits are paid in the form of a monthly allowance.

This bill would establish a Retirement Option Program that would allow members of the Defined Benefit Program to elect to receive a lump-sum payment and a reduced monthly allowance, as specified. The bill would direct the board of administration of the system to implement the program no later than January 1, 2002, except as specified. The bill's provisions would be repealed on January 1, 2011.

The people of the State of California do enact as follows:

SECTION 1. Chapter 27.1 (commencing with Section 24230) is added to Part 13 of Division 1 of Title 1 of the Education Code, to read:

CHAPTER 27.1. RETIREMENT OPTION PROGRAM

24230. This chapter shall be known and may be cited as the "Retirement Option Program."

24231. The Retirement Option Program is hereby created to add flexibility to the system. It provides members who elect to participate in the program access to a lump-sum payment and a reduced monthly retirement allowance.



24232. The design and administration of the Retirement Option Program shall conform with the applicable provisions of Title 26 of the United States Code and the Revenue and Taxation Code.

24233. If any provision of this chapter or application thereof to any person or circumstance is held invalid, that invalidity shall not affect other provisions or applications of this chapter that can be given effect without the invalid provision or application, and to this end the provisions of this chapter are severable.

24234. The board shall implement the Retirement Option Program pursuant to the provisions of this chapter no later than January 1, 2002, unless the board determines, by resolution, that the implementation tasks cannot be completed until a later date, in which case the board shall implement the program pursuant to this chapter no later than January 1, 2003.

24235. The board may adopt regulations to implement the program.

24236. A member who retires for service on or after January 1, 2002, and who has reached normal retirement age may elect, on a form prescribed by the system, to receive a lump-sum payment and an actuarially reduced monthly allowance pursuant to this chapter in lieu of the monthly allowance that would otherwise be payable to the member pursuant to Chapter 27 (commencing with Section 24201).

24237. (a) A member who makes the election described in Section 24236 shall receive a one-time, lump-sum payment in an amount that equals or does not exceed the lesser of the following amounts:

(1) The actuarial present value of the difference between (A) the monthly allowance payable to the member pursuant to Chapter 27 (commencing with Section 24201), and (B) an amount equal to 2 percent of the member's final compensation multiplied by the number of years of credited service and divided by 12.

(2) Fifteen percent of the actuarial present value of the monthly allowance payable to the member under Chapter 27 (commencing with Section 24201).



(b) Notwithstanding any other provision of this part, a member who makes the election described in Section 24236 shall receive a monthly allowance, pursuant to Chapter 27 (commencing with Section 24201), that shall be actuarially reduced to reflect the lump-sum amount paid under subdivision (a).

24237.5. The Legislature reserves the right to modify the provisions of this chapter to further the objective of permitting eligible members to receive a lump-sum distribution of a portion of their benefits, with a corresponding actuarial reduction in their monthly allowance, such that there shall be no net actuarial impact to the Defined Benefit Program.

24238. This chapter shall remain in effect only until January 1, 2011, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2011, deletes or extends that date.



Approved _____, 2000

Governor

